

**BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE  
FOR THE STATE OF TENNESSEE AT NASHVILLE**

**IN THE MATTER OF:**

**SMITH, BROWN & GROOVER, INC.,  
RAYMOND HILL SMITH, and  
RAYMOND HILL SMITH, JR.**

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**No.: 00-12**

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**CONSENT ORDER**

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The Tennessee Securities Division (hereinafter referred to as the "Division"), and Smith, Brown & Groover agree to the entry of this Consent Order in accordance with Tenn. Code Ann. § 48-2-116 of the Tennessee Securities Act of 1980, as amended, Tenn. Code Ann. §§ 48-2-101, *et seq.* (hereinafter referred to as the "Act"), which states that the Commissioner from time to time may make such orders as are necessary to carry out the provisions of the Act.

**FINDINGS OF FACT**

1 The Tennessee Securities Act of 1980, as amended, Tenn. Code Ann. § 48-2-101, *et seq.*, places the responsibility for the administration of the Act on the Commissioner of Commerce and Insurance (hereinafter referred to as the "Commissioner"). The Division is the lawful agent through which the Commissioner discharges this responsibility. Tenn. Code Ann. § 48-2-115.

2 Smith, Brown & Groover, Inc. (hereinafter referred to as "Smith, Brown & Groover") (CRD #1329) has never heretofore been registered with the Division as a broker-dealer. Smith, Brown & Groover maintains its principal place of business at 4001 Vineville Avenue, Macon, Georgia 312210-5039.

3 Raymond Hill Smith (hereinafter referred to as "Smith") is a citizen and resident of the State of Georgia with his residence being 4933 Wesleyan Woods Dr., Macon, Georgia 31210.

Smith has never been registered with this Division as a broker-dealer or as an agent of a broker-dealer;

4. Raymond Hill Smith, Jr. (hereinafter referred to as "Smith, Jr."), is a citizen and resident of the State of Georgia with his residence being 655 Richmond Hill Dr., Macon, Georgia 31210. Smith, Jr., has never been registered with this Division as a broker-dealer or as an agent of a broker-dealer;

5. Prior to the date of this Consent Order, Smith, Brown & Groover did effect approximately one hundred and fifteen (115) buy or sell transactions in securities for accounts where the holders of those accounts were residents of the State of Tennessee.

6. Prior to the date of the entry of this Consent Order, Smith did effect approximately twenty-eight (28) buy or sell transactions in securities in six (6) separate accounts where the holders of those accounts were residents of the State of Tennessee.

7. Prior to the date of the entry of this Consent Order, Smith, Jr., did effect approximately sixty-five (65) buy or sell transactions in securities in thirteen (13) separate accounts where the holders of those accounts were residents of the State of Tennessee.

#### **CONCLUSIONS OF LAW**

4. Pursuant to Tenn. Code Ann. § 48-2-115(a), the responsibility for the administration of the Act is upon the Commissioner. The Division is the lawful agent through which the Commissioner discharges this responsibility.

5. Tenn. Code Ann. § 48-2-112(a)(2)(B) provides that, the Commissioner, by order may deny, suspend, or revoke any registration under this part if the Commissioner finds that the order is in the public interest, necessary for the protection of investors, and if he finds that the registrant, or

in the case of a broker-dealer, any officer, director, or any person occupying a similar status or performing similar functions has willfully violated or willfully failed to comply with any provision of this part or a predecessor chapter or rule or order under this part or a predecessor chapter, including, without limitation, any net capital requirements.

6. Tenn. Code Ann. § 48-2-109(a) provides that it is unlawful for any person to transact business from or into this state as a broker-dealer or agent unless such person is registered as a broker-dealer or agent under this part.

7. Tenn. Code Ann. § 48-2-109(b) provides that it is unlawful for any broker-dealer to employ an agent to transact business as an agent unless the agent is registered under this part.

8. Based upon the Findings of Fact, Smith Brown & Groover has violated Tenn. Code Ann. § 48-2-109(a) by acting as a broker-dealer in this state without being registered under the Act, and provides grounds for sanction pursuant to Tenn. Code Ann. § 48-2-112(a)(2)(B).

9. Based upon the Findings of Fact, Smith, Brown & Groover has violated Tenn. Code Ann. § 48-2-109(b) by using agents in this state which were not registered under the Act, and provides grounds for sanction pursuant to Tenn. Code Ann. § 48-2-112(a)(2)(B).

10. Based upon the Findings of Fact, Smith has violated Tenn. Code Ann. § 48-2-109(a) by acting as an agent of a broker-dealer in this state without registration, and provides grounds for sanction pursuant to Tenn. Code Ann. § 48-2-112(a)(2)(B).

Based upon the Findings of Fact, Smith, Jr., has violated Tenn. Code Ann. § 48-2-109(a) by acting as an agent of a broker-dealer in this state without registration, and provides grounds for sanction pursuant to Tenn. Code Ann. § 48-2-112(a)(2)(B).

## **ORDER**

**NOW, THEREFORE**, on the basis of the foregoing, and the waiver by Smith, Brown & Groover, Smith and Smith, Jr., of their rights to a hearing and appeal under the Tennessee Securities Act and Tennessee's Uniform Administrative Procedures Act, Tenn. Code Ann. § 4-5-101, *et seq.*, and the admission by Smith, Brown & Groover, Smith and Smith, Jr., of the above Findings of Fact and Conclusions of Law, the Commissioner finds that Smith, Brown & Groover, Smith, and Smith, Jr., have consented to the entry of this Order and that the following Order is appropriate, in the public interest and necessary for the protection of investors.

**IT IS ORDERED**, pursuant to Tenn. Code Ann. § 48-2-116 of the Tennessee Securities Act that

1        Smith, Brown & Groover, Smith, and Smith, Jr., shall fully comply with the Tennessee Securities Act of 1980, as amended, and all rules promulgated thereunder.

2        Smith, Brown & Groover shall make a contribution to the Tennessee Investor Education Fund in the amount of Eleven Thousand Dollars (\$11,000.00). Said contribution to the Investor Education Fund shall be due and paid in full within thirty (30) days from the date of entry of this Order, and directed to the following address:

Tennessee Securities Division  
Broker-Dealer Registration Section  
Davy Crockett Tower, Suite 680  
500 James Robertson Parkway  
Nashville, Tennessee 37243

3. Smith shall make a contribution to the Tennessee Investor Education Fund in the amount of Five Hundred Dollars (\$500.00). Said contribution to the Investor Education Fund shall be due and paid in full within thirty (30) days from the date of entry of this Order, and directed to the above address.

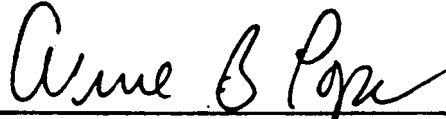
4. Smith, Jr., shall make a contribution to the Tennessee Investor Education Fund in the amount of Five Hundred Dollars (\$500.00). Said contribution to the Investor Education Fund shall be due and paid in full within thirty (30) days from the date of entry of this Order, and directed to the above address.

**IT IS ORDERED** that this Order represents the complete and final resolution of, and discharge with respect to all administrative and civil, claims, demands, actions and causes of action by the Commissioner against Smith, Brown & Groover, Smith, and Smith, Jr., for the above violations of the Act.

This Consent Order is in the public interest and in the best interests of the parties, and represents a compromise and settlement of the controversy between the parties and is for settlement purposes only. By the signatures affixed below, Smith, Brown & Groover, Smith, and Smith, Jr., affirmatively state that they have freely agreed to the entry of this Consent Order, that it has been advised by the undersigned counsel of record in this matter, that they waive their rights to a hearing on the matters underlying this Consent Order and to a review of the Findings of Fact and Conclusions of Law contained herein, and that no threats or promises of any kind have been made by the Commissioner, the Division, or any agent or representative thereof. The parties, by signing this Consent Order, affirmatively state their agreement to be bound by the terms of this Consent Order

and aver that no promises or offers relating to the circumstances described herein, other than the terms of settlement set forth in this Consent Order, are binding upon them.

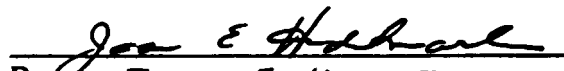
ENTERED this 11<sup>th</sup> day of October, 2000.

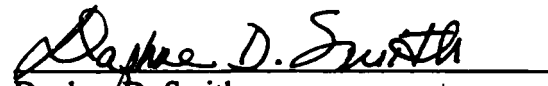
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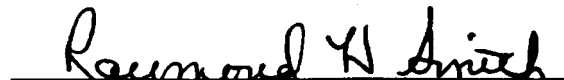
Anne B. Pope, Commissioner  
Department of Commerce and Insurance

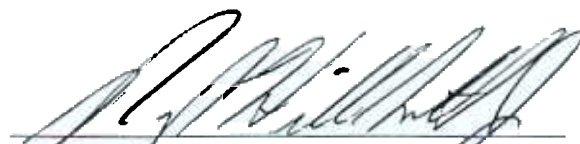
**APPROVED FOR ENTRY:**


Smith, Brown & Groover, Inc

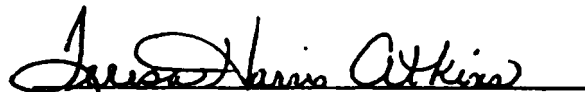
  
By: JOAN E HUNDETMARK  
Title: VICE PRESIDENT

  
Daphne D. Smith  
Assistant Commissioner for Securities  
Department of Commerce and Insurance

  
Raymond Hill Smith  
Respondent

  
Raymond Hill Smith, Jr.  
Respondent

  
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